GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:1585
ANSWERED ON:24.07.2002
PRIVATISATION OF PUBLIC SECTOR
UMMAREDDY VENKATESWARLU

Will the Minister of SHIPPING be pleased to state:

(a) whether the Working Group on Shipping has recommended that public sector shipyards be privatised in the Tenth Five Year Plan period ;

(b) if so, the details thereof ;

(c) whether the Working Group has observed that the technology used in public sector shipyards is low standards ;

(d) if so, whether any effort has been made to improve the shipyards before offering them for sale ; and

(e) if so, the details thereof ?

Answer

MINISTER OF SHIPPING (SHRI VEDPRAKASH P. GOYAL)

(a) & (b) The Working Group on Shipbuilding and Ship Repair Industry for the 10th Five Year Plan has observed, inter alia, other observations that privatisation of Public Sector Shipyards is the most suitable recourse to make the shipyards competitive and privatised Shipyards will have the flexibility to raise finance for growth and expansion.

(c) The Working Group has not mentioned about Public Sector Shipyards in particular but has observed in general; the higher the technology, better are the returns. When the technology is of low level, unless the system and product are standardised and everybody sweats it out, profits are hard to come by for the Industry.

(d) & (e) The Government has been taking various measures such as providing Plan assistance for renewal, replacement and augmentation of Shipbuilding and Ship Repair facilities, subsidy for construction of ocean going vessels etc., to improve the viability and competitiveness of this industry but factors including insufficient orders, low productivity, inadequate technological upgradation etc. have stood in the way of the industry`s resurgence. The report of the Working Group has been sent to Planning Commission. The final Plan document has not yet been received. As such, all the non-strategic Public Sector Units stand automatically referred to Disinvestment Commission which is seized of the matters regarding the Public Sector Undertakings.